

**BEFORE THE STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE**

IN THE MATTER OF THE)

MULTI-STATE EXAMINATION OF)
WADDELL & REED INC)
W & R INSURANCE AGENCY INC)

6300 Lamar Avenue)
Shawnee Mission, KS 66201)
_____)

CONSENT ORDER
File Number 125822

This Consent Order is hereby issued by the South Carolina Department of Insurance (the "Department") in disposition of the matter captioned above.

FINDINGS OF FACT

1. Respondent W & R Insurance Agency Inc., hereinafter "Waddell & Reed", is a licensed insurance agency in the State of South Carolina at 6300 Lamar Avenue, Shawnee Mission, KS 66201.
2. The States of Kansas and Minnesota (the "Lead States") coordinated a multi-state investigation of the Respondent with regard to variable annuity sales practices in connection with Respondent encouraging existing customers who held variable annuity products to surrender the products and to purchase similar products issued by a different insurer. The Lead States participated in and coordinated the negotiation and finalization of the regulatory settlement between Respondent and the states participating therein.
3. As a result of the investigation the Lead States alleged that the Respondent's variable annuity sales practices were in violation of the insurance laws of the Lead states. The Respondent neither admits nor denies the allegations.
4. Respondent is licensed to engage in the business of insurance in this state. As affecting this state, the South Carolina Department of Insurance has jurisdiction over the subject matter of this proceeding and Respondent.
5. A proposed settlement has been presented to the Department, the terms of which are set forth in Consent KS Consent Order 3468-CO and MN Consent Order 3469-CO (the "Kansas and Minnesota Consent Order") dated June 10, 2005, which has been executed by Respondent, the Kansas Insurance Department, and the Minnesota Department of Commerce, in their capacity as two of the primary negotiators, a copy of which is attached hereto as Exhibit A.

6. Upon review of the Consent Order, it is found that it is a fair and proper disposition of the matters addressed therein.

ORDER

WHEREAS it is stipulated and agreed upon by and between the Department and Respondent and **ORDERED** as follows:

- A. The Consent Order dated June 10, 2005, attached hereto as Exhibit A, incorporated herein by reference, adopted fully, and is hereby approved.
- B. Respondent shall immediately initiate compliance with all terms and conditions of the as incorporated herein.

IN WITNESS WHEREOF, the Department and Respondent have executed this Consent Order.

Consented to in form and content:

WADDELL & REED INC.
(NAME OF INSURANCE AGENCY)

DEPARTMENT OF INSURANCE

BY:

Thomas Butch
Signature

Thomas Butch
Name

President and Chairman
Title of the Board

BY:

Eleanor Kitzman
Signature

Eleanor Kitzman
Name

Director
Title

By:

Steve Anderson
Signature

Steve Anderson
Name

President of WR Insurance Agency, Inc.
Title